Important Notice Regarding Your Group Health Insurance

Continuation Coverage Rights and Other Health Insurance Coverage

Marketplace Alternatives

 **(*Death, Divorce, Legal Separation, Medicare Entitlement- 36 months*) - Revised 12/2020**

TO: **{Name of COBRA Qualified Beneficiary Spouse}** and all covered dependents

 **{Address of COBRA Qualified Beneficiary}**

FROM: **{Employer Contact}**, **{Employer Name}**

RE: NOTICE OF RIGHT OF EACH COVERED INDIVIDUAL TO ELECT GROUP HEALTH PLAN CONTINUATION COVERAGE

Date Notification Date: **{Date of COBRA letter}**

Loss of Coverage Date: **{Date Coverage is canceled}**

This notice of rights to elect group health insurance continuation coverage applies individually to the following former plan participants: {**Name of COBRA Qualified Beneficiary Spouse}** and all dependent children. It is being provided to you at this time because you have recently, or you are about to, lose your group health insurance under **{Employer Name}**’s group health plan. **This notice contains important information about your rights to continue health care coverage in the {Employer name} group health plan(s), as well as information on possible health insurance coverage alternatives through the Health Insurance Marketplace (**[**www.HealthCare.gov**](http://www.healthcare.gov/) **or 1-800-318-2596), Medicaid, or other employer group health plan(s). In this notice, the term “group health insurance” or “group health plan” refers to any group insurance plan(s) in which you were enrolled that provided you with health care, including medical, dental, vision, health flexible spending account (health FSA), health reimbursement account (HRA), or any other plan providing medical care.** It is important that all covered individuals read this notice carefully before making a decision. If you choose to elect COBRA continuation coverage, you should use the election form attached to this Notice.

**ADDRESS CHANGES:** If there is a covered dependent whose legal residence is not yours, please provide us in writing on the enclosed “COBRA Address Notification Form” with the appropriate address so a notice can be sent to them as well.

**QUESTIONS:** If you have any questions concerning information in this notice or your rights to coverage, you should contact **{Employer contact}** at **{Employer contact phone number}, {Employer name}, {Employer Address}**. For questions regarding the availability of alternative coverages, visit www.Healthcare.gov or call 1-800-318-2596. These alternative plans may or may not cost less than health insurance continuation coverage with the plan administrator.

**Loss of health coverage and Qualifying Event:** Effective **{Date Coverage is canceled}**, **{Employer Name}** is terminating the group health insurance coverage provided to you and your dependent child(ren), if any, because of your **{Enter qualifying event}** on **{Date of Qualifying Event}**. So any claims for services incurred after your cancellation date, including prescription drug charges, will be denied. Under the provisions of the Consolidated Omnibus Budget Reconciliation Act of 1985, your **{Enter qualifying event}** is a **QUALIFYING EVENT** that will entitle you and your dependent child(ren), if any, to elect to continue your group health plan coverage until **{the date coverage will expire}**, which is up to 36 months from the date of your insurance cancellation. This notice is designed to provide you with the following information:

* The right of each qualified beneficiary to continue the group health insurance plan or plans
* The duration of continuation coverage and when it can be canceled
* Exact procedures for electing to continue insurance
* How to pay your health insurance premiums
* Health insurance alternatives under the Health Insurance Marketplace, other potential coverage, and HIPAA special enrollments

**Individual Election Rights and Eligibility:** Each individual referenced in this Notice is a “qualified beneficiary” and has independent election rights to continuation coverage. This means each individual can independently elect to continue coverage. For example, a spouse could elect continuation coverage, or a spouse could elect to continue coverage on behalf of their dependent child who is losing coverage as a result of a qualifying event. Premium rates will be determined by the number of qualified beneficiaries electing to continue coverage. If elected, continuation coverage is available to qualified beneficiaries subject to their continued eligibility. **{Employer name}** reserves the right to verify eligibility and terminate continuation coverage back to the original continuation effective date, if it is determined you are ineligible or coverage was obtained through a material misrepresentation of the facts.

# **Election Procedure**:

# To protect your continuation rights, please follow the election procedure outlined below:

**Step 1:** Please read the notice carefully. It is important that each individual covered by the plan read the notice and be familiar with the information. To continue coverage you must complete the attached election form and return it to **{Employer Name}** by **{Date the election form is due},** which is 60 days from the later of the date of this notice, or the date coverage ends. **Note: {Date the election form is due} is the last day to elect coverage.**

**Step 2:** Make a copy of the signed form(s) for your records.

**Step 3:** Mail the election form(s) to **{Employer contact}, {Employer Name}** at the address listed on the election form. While not required, it is recommended you obtain proof from the Post Office that you mailed the election form. Your election is deemed to have been made on the date the election form is sent to **{Employer Name}**. If the election form is not postmarked by **{Date the election form is due}**, then rights to continuation coverage will end, as late elections will not be accepted.

**Step 4:** Call **{Employer contact}** at **{Employer Contact Phone Number}** within 10 days to ensure the election form has been received.

Should you have any questions concerning this notice or your notification obligations, please do not hesitate to call **{Employer Name}** Human Resources Department.

**Warning About Electing Near the End of the Election Period:** If you wait until near the end of the election period to mail your election form, you run the risk of not having sufficient time to correct errors, which may or may not be within your control (such as the Post Office postmarking your election form AFTER the last date to elect or the envelope is lost). Take all precautions when electing, *such as sending the form by certified mail or using a Certificate of Mailing*, as no late elections are accepted.

**Coverage During Election Period and Retroactive Reinstatement of Group Health Insurance Coverage:** You will not be covered under the plan during the election period. If a health claim is submitted during this time, it will not be paid. However, if a COBRA election is made as just described and applicable premiums paid as detailed in the next paragraphs, then your coverage will be reactivated back to your loss of coverage date and pending claims will be released for payment. Keep in mind, however, that it may take a period of time for the paperwork to be processed by the insurance carrier and the coverage to be reactivated. Should you receive medical services, including the purchase of prescription drugs, prior to reinstatement of your coverage, keep any medical payment receipts and upon reinstatement, submit the claims for payment under the plan provisions. If a medical provider calls for verification of benefits, they will be told you currently do not have benefits, but upon election and payment of applicable premium, all valid claims will be released for payment.

**Consequences of Not Electing to Continue your Group Health Insurance (COBRA):**

Instead of enrolling in COBRA continuation coverage, there may be other more affordable coverage options for you and your family through the Health Insurance Marketplace, Medicaid, Medicare, or other group health plan coverage options (such as a spouse’s plan) through what is called a “special enrollment period.” Some of these options may cost less than COBRA continuation coverage. You should compare your other coverage options with COBRA continuation coverage and choose the coverage that is best for you. For example, if you move to other coverage you may pay more out of pocket than you would under COBRA because the new coverage may impose a new deductible.

You have the right to request special enrollment in another employers group health plan for which you are otherwise eligible (such as a plan sponsored by your spouse's employer) within 30 days after your health insurance ends because of the qualifying event listed above. You will also have the same special enrollment right upon exhaustion of your continuation coverage if elected. When you lose job-based health coverage, it’s important that you choose carefully between COBRA continuation coverage and other coverage options, because once you’ve made your choice, it can be difficult or impossible to switch to another coverage option.

**Medicare Eligible Individuals:**

In general, if you don’t enroll in Medicare Part A or B when you are first eligible because you are still employed, after the Medicare initial enrollment period, you have an 8-month special enrollment period to sign up for Medicare Part A or B, beginning on the earlier of (a) the month after your employment ends; or (2) the month after group health plan coverage based on current employment ends. If you don’t enroll in Medicare and elect COBRA continuation coverage instead, you may have to pay a Part B late enrollment penalty and you may have a gap in coverage if you decide you want Part B later. If you elect COBRA continuation coverage and later enroll in Medicare Part A or B before the COBRA continuation coverage ends, the Plan may terminate your continuation coverage. However, if Medicare Part A or B is effective on or before the date of the COBRA election, COBRA coverage may not be discontinued on account of Medicare entitlement, even if you enroll in the other part of Medicare after the date of the election of COBRA coverage. If you are enrolled in both COBRA continuation coverage and Medicare, Medicare will generally pay first (primary payer) and COBRA continuation coverage will pay second. Certain plans may pay as if secondary to Medicare, even if you are not enrolled in Medicare. For more information visit https://www.medicare.gov/medicare-and-you and https://www.medicare.gov/sign-up-change-plans/how-do-i-get-parts-a-b/part-a-part-b-sign-up-periods.

**Payment of Continued Coverage Premiums**

If you elect to continue your group health insurance coverage, a qualified beneficiary is responsible for the full applicable premium payment for the coverage, plus a **{percent charged for admin}**% administration charge. The applicable premium includes both the employer’s and employee’s share of the total premium. Monthly premium amounts are fixed on a benefit plan year basis, so the possibility of a rate change in your premium could occur each **{first month of plan year}**.If the applicable premium is adjusted, you will be notified as soon as possible prior to the new premium rates going into effect. COBRA premium payments can be either hand delivered or mailed to **{Employer Address}**If hand delivered, it must be delivered to the Human Resources Department. If mailed, document the date the premium is sent and call within 10 days to ensure payment has been received. If premiums are not hand delivered, or if mailed, not postmarked, within the required premium periods as described below, then COBRA rights and protections will be forfeited. Any person or entity can pay COBRA premium for a qualified beneficiary, however, it is the qualified beneficiary’s responsibility to ensure that the payment is made on a timely basis. If a third party agrees to pay your premium, you should call each month to ensure that timely premium payment has been made. Your state may also have a premium payment program that may assist you with the payment of your premiums should you elect COBRA. **NO LATE PREMUIMS WILL BE ACCEPTED.**

# **Initial Premium Payment**

 (if you are sending your payment *with* the election form, proceed to “Monthly Premium” section)

A qualified beneficiary has a maximum of 45 calendar days from the date of election to pay the initial premiums. First of all, this initial premium payment is for the retroactive coverage period from the date of loss of coverage to the date you elect continuation coverage. For example, if you lost health insurance on January 31, 2020 and elected COBRA coverage on March 1, 2020, you would have until April 15, 2020 to pay for the retroactive month of February.

Secondly, if you take full advantage of this 45-day premium payment period, additional prospective monthly premiums are due with this initial payment. This additional premium covers any monthly coverage period that falls after the date of election but within the 45-day time period. For example, if you pay for February on April 15th, but also need coverage for the month of March, your initial premium must cover that period as well. If you fail to make the premium payment for March, then your COBRA coverage would terminate at the end of February. You will not be allowed to pay for March and not February. This 45-day period is the maximum period in which to make initial premium payments. If you make an initial payment prior to the end of this period, then the regular monthly due dates and grace periods will apply as described in the “Monthly Premium” section. You are responsible for making sure the amount of your first payment is enough to cover this entire period. You may contact **{Employer contact}** to confirm the correct amount of your first payment.

**Benefits Verification:** If a medical provider (hospital, physician, pharmacy, etc.) requests verification of benefits during this period, they will be told that you have elected coverage but have yet to pay the premium and that no claims, including prescription drug charges, will be paid until the premium is paid.

# **Monthly Premium**

Once your initial premiums are paid, monthly premiums are due on the first of each month. You will have a maximum (30) day grace period following the due date in which to make these premium payments. For example, if you paid the initial premium for February and March on April 15th as described above, and you want health coverage for April, while the due date is April 1st, with the 30 day grace period you would have until May 1st to actually pay for April. May 1st is also the due date for May and you would now be in the regular monthly cycle. If applicable, payment is not made within the grace period, then coverage will be canceled back to the end of the prior month. Once COBRA coverage is canceled you will not be reinstated. Partial payments will not be accepted. It is the qualified beneficiaries responsibility to make these monthly payments as you will not receive a monthly billing or warning notices. Premium payments should be sent to: **{Employer Contact}, {Employer Name}, {Employer Address}.**

**Benefits Verification:** Any claims occurring during the month will be held pending payment being made. If a medical provider requests verification of benefits during this period, they will told that you are covered, but that the monthly premium has not been paid, and coverage is subject to retroactive cancellation.

**Warning About Paying Near the End of the Grace Period:** If you wait until near the end of the grace period to mail your premium payment, you run the risk of not having sufficient time to correct errors, which may or may not be within your control (such as the Post Office postmarking your payment AFTER the last date to pay or the envelope is lost). Take all precautions when paying, *such as sending the form by certified mail or using a Certificate of Mailing*, as no late premiums are accepted.

# **Continuation Coverage Options**

Under the provisions of COBRA, each qualified beneficiary can elect to continue coverage. The applicable premiums will vary depending on the coverage’s elected. If you are covered by a region specific HMO and are moving outside of the HMO service area, additional rights may be available to you at the time of the event. Please call Human Resources for additional information. Once an election of continuation coverage is made, the coverage’s may change in the future if modifications are made to the coverage’s provided to similarly situated active employees or an open enrollment occurs. We will notify you should an open enrollment occur during your COBRA continuation coverage period. At that time, each qualified beneficiary will have independent election rights to select any of the options or plans that are available to similarly situated non-COBRA participants.

Our records indicate on the day before the qualifying event, each qualified beneficiary was covered by **{name of health plan employee is covered by},** **{name of dental plan employee is covered by}, {name of vision plan employee is covered by}, {name of HRA plan}, {name of any other health coverage employee is covered by}**. **{Our records also indicate you are a participant in the Medical FSA}**. Each qualified beneficiary can elect to continue all the coverages, or any single coverage, or any combination of coverage. The applicable premium will depend on the coverage selected.

## Length of COBRA Coverage Period

If you elect coverage, it will last for as long as 36 months beginning on the date of your qualifying event. This means coverage will be available through **{the date coverage will expire}**. **{Exception: If you are participating in a Medical FSA at the time of the qualifying event, you will only be allowed to continue participation until the end of the current plan year in which the qualifying event occurs.}**

**New Dependents**

If during the 36 months of COBRA coverage, a qualified beneficiary acquires new dependents (such as through marriage or birth), new dependents may be added to the coverage according to the rules of the plan. However, new dependents do not gain the status of a qualified beneficiary and will lose coverage if the qualified beneficiary who added them to the plan loses coverage.

In addition, should an open enrollment period occur during your continuation period, we will notify you of that right as well. Each qualified beneficiary will have independent election rights to select any of the options or plans that are available for similarly situated non-COBRA participants.

**Early Termination of Continuation Coverage**

We may cancel your continuation coverage prior to the expiration of the 36-month time period if any of the following things occur:

1. If the required premium payment is not paid when due.
2. If a qualified beneficiary becomes, after the date of election, entitled to Medicare. (under Part A, Part B, or both)
3. If **{Employer Name}** ceases to provide any group health insurance plan to any of its employees.
4. If a qualified beneficiary notifies **{Employer Name}** they wish to cancel continuation coverage.
5. If, the qualified beneficiary becomes, after the date of election, covered by another group health insurance plan.
6. For cause, on the same basis that the plan terminates for cause the coverage of similarly situated non-COBRA participants.

## Should your continuation coverage be terminated for one of the above reasons, a notice will be sent to you at that time informing you of your loss of coverage and outlining any available health coverage options that may be available to you.

## Conversion

At the end of the 36 months of continuation coverage, a qualified beneficiary may be allowed to enroll in an individual conversion health plan if one is available from the insurance carrier, or as required by applicable state law. If so, **{Employer Name}** will notify you of the availability in writing approximately 30 days prior to the continuation coverage expiration date. In addition, upon exhaustion of your health insurance continuation coverage, you will be able to purchase health insurance coverage through the Health Insurance Marketplace with no pre-existing condition limitations or exclusions. For more information about health insurance options available through a Health Insurance Marketplace, visit www.healthcare.gov.

**Alternative Health Insurance Plan Options Through the Health Insurance Marketplace, Medicaid, Or Other Employer Sponsored Health Plans.**

Besides electing and paying for continuation coverage with the plan administrator, there are other health insurance options available through the **Health Insurance Marketplace, Medicaid or other group health plan coverage (such as a spouse’s plan) through what is called a “special enrollment period**. The Marketplace offers "one-stop shopping" where you can see what your premium, deductibles, and out-of-pocket costs will be for a variety of individual health plans before you make a decision to enroll. Secondly, you could be eligible for a tax credit that lowers your monthly premiums and cost-sharing reductions (amounts that lower your out-of-pocket costs for deductibles, coinsurance, and copayments) right away. Being eligible for continuation coverage (COBRA) does not limit your eligibility for coverage or for a tax credit through the **Marketplace**. Depending upon the health plan purchased through the Marketplace, the insurance may cost less or more that continuation coverage with the plan administrator.

Through the **Marketplace** you’ll also learn if you qualify for free or low-cost coverage from Medicaid or the Children's Health Insurance Program (CHIP). You can access the Marketplace for your state at www.HealthCare.gov.

**Special Enrollment Opportunity For Another Employer Group Health Plan:** Additionally, you may qualify for a special enrollment opportunity for another employer's group health plan for which you are eligible (such as a spouse’s plan), if you request enrollment within 30 days of your loss of coverage date. If another employer group health plan is available, please contact them directly for their special enrollment procedures. If a qualified beneficiary chooses to elect continuation coverage instead of enrolling in another group health plan for which you’re eligible, you will have another opportunity to enroll in the other group health plan within 30 days of exhaustion of your continuation coverage.

**Enrolling for Individual Health Insurance Through the Marketplace**

You have a maximum period of 60 days from the date your lost your group health insurance to enroll in coverage through the Marketplace online at www.HealthCare.gov or by calling 1-800-318-2596. Just like health insurance continuation coverage, if you fail to enroll in coverage during this 60 day window, then your rights to enroll will cease at that time. You will then in general have to wait until the next Marketplace open enrollment period.

**Special Enrollment Outside of Open Enrollment:** If you elect continuation coverage or fail to enroll in a health plan during the initial 60 day eligibility period, you may have the opportunity to enroll prior to the next Marketplace open enrollment period if you experience a "special enrollment period" or what some call a "life event" such as getting married, having a baby or adopting a child. In addition, if you elect and then exhaust your health insurance continuation coverage through the plan administrator, you would then also be eligible to enroll in a plan through the Marketplace. If your continuation coverage is canceled as a result of a failure to pay the required premiums, that is not a special enrollment and you could end up without insurance.

**Some Factors To Consider When Choosing Health Insurance Coverage Options**

When considering your health insurance options, such as continuation coverage with the plan administrator, purchasing a plan through the Marketplace, or enrolling in another employer's group health plan, you should compare and choose the option that is best for you. Here are a few things to consider when making your decision because once you’ve made your choice, it can be difficult or impossible to switch to another coverage option.

**Premiums:** If you elect to continue your health insurance with the plan administrator, as described earlier in the notice, the premium will equal **{100% or 102%}** of the full premium. Other plan options such as through the Marketplace or with a spouse's plan may be more or less expensive.

**Out-Of-Pocket Expenses:** Different plans require different deductibles, copays and out-of-pocket expenses as you use your benefits. Comparing these expenses is extremely important in making your health insurance decision. For example, one option may have lower monthly premium but have a high deductible and copayment amounts. Or, another plan may have a low monthly premium but you have already met your annual deductible and coinsurance maximums under your coverage with the plan administrator.

**Prescription Drug Benefits:** If you are currently taking medication, a change in your health coverage may affect your costs for medication – and in some cases, your medication may not be covered by another plan. Confirm your current medications are covered by the other plan.

**Doctor's and Other Provider Networks:** If you are currently getting care or treatment for a condition, a change in your health coverage may affect your access to a particular health care provider. Verify your current health care providers participate in a new plan's network.

**Service Areas:** Some plans limit their benefits to specific service or coverage areas – so if you move to another area of the country, you may not be able to use your benefits. Does the plan you are thinking of purchasing have a service or coverage area limitation?

**Severance Payments:** If you lost your job and are being offered a severance package from your former employer in which they have agreed to pay some or all of your continuation coverage payments for a period of time, be advised that when the payments end under the severance agreement that is NOT a special enrollment opportunity to purchase insurance in the Marketplace. In this scenario, you may want to contact the Department of Labor at 1-866-444-3272 to discuss your options.

The above list is not all inclusive but a few of the important considerations when making a decision to enroll and purchase a health insurance plan. Your decision should be made upon careful deliberation after reviewing all of the information available from the plan administrator, insurance professionals, the Department of Labor at 1-866-444-3272, or at www.HealthCare.gov or by calling them at 1-800-318-2596.

Notification of Address Change

To receive accurate and timely information regarding your continuation rights, please immediately notify {Employer Name}, in writing, of any change in address by completing the attached “COBRA Address Notification Form” and mailing it to the address below. You should keep a copy of the form for your records and call within 10 days to ensure that it has been received.

Questions

Remember, this notice is simply a summary of your potential options under COBRA and not a description of your actual group health plan benefits under the plan. For questions regarding your group health plan benefits, you should refer to your summary plan description, or obtain a copy of the plan document from the Plan Administrator. If any covered individual does not understand any part of this summary notice, or has questions regarding the information or your obligation, please contact: {Employer Contact Name} at {Employer Contact Phone Number}.

**{Employer Contact Name}**

**{Employer Name}**

**{Employer Address**

For more information about your rights under the Employee Retirement Income Security Act (ERISA), including COBRA, the Patient Protection and Affordable Care Act, and other laws affecting group health plans, visit the U.S. Department of Labor’s Employee Benefits Security Administration (EBSA) website at www.dol.gov/ebsa or call their toll-free number at 1-866-444-3272. For more information about health insurance options available through the Health Insurance Marketplace, and to locate an assister in your area who you can talk to about the different options, visit www.HealthCare.gov.

**\*Please be sure to read and complete the enclosed election form\***

***NOTE: Due to the impact of COVID-19, if you experienced a qualifying event, had a COBRA election or premium payment deadline, or a deadline to notify the plan of a disability determination or other event on or after March 1, 2020, all or a portion of deadlines described in this Notice may be extended or disregarded in determining whether the notification or payment is timely until the earlier of (1) 60 days after the announced end of the COVID-19 National Emergency, or (2) 1 year from the applicable deadline.***

Sincerely,

**{Employer Name}**

### COBRA ADDRESS NOTIFCATION FORM

If you have a dependent that is covered by the group health plan whose legal residence is not yours (dependent child covered by a court order, living with an ex-spouse, etc.), you are required to provide us with the proper address so an initial COBRA notice can be sent to them as well. This does not include a dependent child (whose legal residence is still yours), but is away at school. Should you have any questions, please call Human Resources immediately. Thank you for your assistance.

**This information must be provided to the Benefits Department upon commencement**

 **of coverage under the group health plan.**

**Covered Dependent Address Information**:

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| --- |
| Name of covered dependent: |
| Name of guardian, ex-spouse, etc. |
| Street Address: |
| City: State: Zip: |

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| --- |
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